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11 JUL 1958

MEMORANDUM FOR: Chief, Audit Staff

SUBJECT : Field Audit Unit Observations and Recommendations

REFERENCE : Memo dated 24 April 1958, to Comptroller from Chief, Audit Staff, Same Subject.

We have reviewed the comments of the Field Audit Unit which you submitted in the reference memorandum and in response to your request there is set forth below our comments and suggestions with respect to the various matters.

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1. Motor Vehicles

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2. Project Outlines

Current Agency regulations and procedures do not prescribe that copies of project outlines be supplied to certifying officers. In lieu of project outlines, copies of PRC actions dealing with PP-PM projects, and Form 680 dealing with FI projects, are provided along with fiscal annexes and administrative plans where applicable. Since project outlines are prepared in true name, include time tables and all known facts regarding the covert project activity, it is not believed appropriate from a security standpoint, for this detailed information to be given wide distribution in the Agency. It is our understanding that at most field Class A stations the certifying officer is provided with those sections of the project outlines which are pertinent to his activity, in addition to copies of fiscal annexes and administrative plans, where applicable, from headquarters. The certifying officer at the stations cited as examples in the reference memorandum should be provided with the foregoing in order to perform their functions properly.

3. Maintenance and Submission of Form 507 - Obligation Authority Record

The Technical Accounting Staff of this Office, in collaboration with the SS/A-DD/S (COMPT), is taking this matter up with the NEA Division at headquarters with the view of correcting the deficiency.

4. Recording Expenditures on Form 507 - Obligation Authority Record

We do not agree with the auditor's suggestion that headquarters make allotments in local currency and the record be then maintained by the stations in local currency. To simplify field accounts it is contemplated that standard exchange rates be employed and it is believed that when this procedure is established this will simplify the maintenance of this record.

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credit to the expense account which was originally charged. The stations should treat these refunds merely as receipts in their monthly accounting, and should not enter them on Form 507. Consideration will be given to clarifying the treatment of these recordings [REDACTED]

6. Advances for Medical Expenses

[REDACTED]

7. Disposition of Receipts

In [REDACTED] Chapter II Paragraph 2k (2) the requirements with respect to "receipts" is fairly well set forth, however, as indicated by the auditor's comment which relates to the disposition of receipts it would appear that some clarification may be necessary to assure that full intent is understood in the field. It is intended to discourage the retention of receipts by field stations but recognizes situations that may require that the receipts be retained by field stations for control purposes or for other reasons. In instances when receipts are retained by a field station they should be forwarded to headquarters, cross-referenced to the voucher to which they pertain, at such time as they have served their purpose at the station. Steps will be taken to revise [REDACTED] to assure that this intent is understood in the field and also appropriate coverage of this subject will be developed for inclusion [REDACTED]

Deputy Comptroller

TAS/CGJ/mjr ( 8 July 1958)

Distribution:

- Orig. & 1 - Addressee
- 1 - Chief, Finance Division ✓
- 1 - [REDACTED]
- 1 - [REDACTED]
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